THE WAKE-UP CALL

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Real Value - When Restructuring Only Puts Lipstick on the Pig: Why a Turnaround Only Succeeds When We Fix the Foundation, Not Only the Paint

By Christian Rook

A few years ago, I was called into a pharmaceutical company facing a classic turnaround situation: declining revenues, liquidity problems, and a growing loss of trust from banks and shareholders. The list of challenges was long.

The assignment seemed clear — at least on paper: *"We need a real restructuring."* But after just a few initial conversations on site, it became evident that a genuine turnaround was not what most of the local leadership team had in mind. What they were hoping for was not the demolition and rebuilding of crumbling structures, but rather a quick makeover. As long as the facade looked fresh and presentable for the next quarterly review with shareholders, the problem was considered solved — at least temporarily.

The situation became even more problematic when this strategy actually worked — for a while. Owners, corporate boards, and even customers were repeatedly pacified with polished presentations and action plans. All the while, neither the proverbial roof was repaired, nor the cluttered and leaking basement cleared out. The structure remained fragile, hidden behind a fresh coat of paint.

For those of us who have worked in this field for some time, this pattern is nothing new. We see it again and again. There is often a deep divide between stakeholders who rightfully demand real value creation and an operational management team primarily focused on self-preservation. What is often missing is the willingness to confront the real causes and eliminate them — consistently and courageously. Not everywhere — but precisely where things stubbornly refuse to improve.

What "Value Creation" in a Turnaround Really Means

In consultant and banking circles, the phrase *"creating value"* has become a buzzword. Yet, in the context of a turnaround, its meaning is simple — and demanding at the same time.

Real value creation means more than just short-term survival. It is about regaining trust, competitiveness, and sustainable profitability. It means:

- Identifying and addressing the root causes of the crisis — not just its symptoms
- Stabilizing the organization for the long-term
- Making the company capable of standing on its own, without crutches
- Winning back customers, owners, banks, and employees

It sounds straightforward — but it rarely is. After all, not everyone wants the root causes to come to light.

The Hidden Interests Behind Restructuring

While owners, banks, and investors typically expect a true turnaround, interim managers often encounter a very different reality on-site. For many operational managers, “restructuring” is not an abstract, corporate goal — it’s a personal threat.

They fear:

- Their own mistakes will be uncovered
- They will lose control
- The pressure will shift directly onto them if the interim manager doesn’t just focus on numbers but starts digging into the organization, exposing causes, and demanding execution instead of just hanging up action plans like posters

These fears — and the defensive behavior they trigger — are understandable, but they seriously block the process. This is how the well-known *“cosmetic logic”* emerges: superficial measures, embellished reports, filtered information. All designed to buy time or maintain appearances.

Have You Heard of “Watermelon Metrics”?

Watermelon Metrics are polished dashboards that, like the fruit, are green on the outside but bright red when you cut deeper. As long as no one looks beneath the surface, everything seems fine. But of course, this illusion doesn’t solve anything. The roof still leaks, the basement is still flooded.
Sooner or later, the entire structure will collapse.

The Real Challenge: Navigating Between Worlds

Interim managers often find themselves caught between two worlds. On one side, stakeholders demand substance; on the other, local management is in defense mode. This is precisely where the difference is made — whether real value is created or just cosmetics applied.

The first step must always be gaining clarity:
What do the owners and stakeholders *really* want?
Are they committed to genuine rescue and repositioning? Or, consciously or not, are they simply trying to buy more time to explore other options?

At the same time, it is essential to understand the internal dynamics. Who is actively blocking progress? Who is hoping for a miracle that avoids painful change? Who might actually be willing to take responsibility?

Only by fully understanding these competing interests can an interim manager actively steer the process — rather than becoming a victim of it.

Between Resistance and Willingness to Change

Resistance is not always sabotage. More often, it is rooted in insecurity or overwhelm. Those who recognize this find ways to bring the operational team on board.
Small, targeted measures are often more effective than any master plan. Early, tangible successes show that change is possible and help build trust.

Still, there is no way around it:
Without the courage to face the truth, no

Do we want to deliver real value — or just make it look better?

Turnaround is not a PR exercise.
Those who believe that a few slides and some good communication will suffice are deceiving themselves.
Success arises where substance is created:

- When the real causes are tackled
- When trust is rebuilt
- When the company becomes sustainable without ongoing external support

Everything else is nothing more than a shiny coat of paint on crumbling plaster — and that rarely survives the next storm.

Christian Rook
info@christianrook.com
www.christianrook.com